GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:118
ANSWERED ON:24.10.2008
LOANS TO FARMERS
Danve Shri Raosaheb Patil

Will the Minister of FINANCE be pleased to state:

(a) whether the farmers are facing difficulties in borrowing new loans after availing of the loan waiver scheme of the Government;

(b) if so, the details thereof;

(c) whether the Government had proposed to advance agricultural loans at the interest rate of six percent and also to bear the burden of one percent of interest on it provided to the farmers;

(d) if so, the details thereof and the action taken in this regard;

(e) whether the National Bank for Agriculture and Rural Development has decided to grant loans to the farmers at a higher rate of nine percent through the State Cooperative Banks;

(f) if so, the reasons therefor; and

(g) the steps being taken by the Government to ensure availability of loans to the farmers at reasonable rates?

Answer

THE MINISTER OF FINANCE (SHRI P.CHIDAMBARAM)

(a) to (g) : A Statement is laid on the Table of the Lok Sabha.

Statement referred to in reply to Parts (a) to (g) of Lok Sabha Starred Question No. â€ 118 to be answered on 24th October, 2008, regarding Loans to Farmers, tabled by Shri Raosaheb Danve Patil.

(a) & (b) : No, Sir. There is no specific report which suggests that the farmers, who are otherwise eligible to borrow, are facing difficulties in getting new loans after availing of the loan waiver scheme of the Government. All farmers who have been granted debt waiver or debt relief are eligible for fresh loans.

(c), (d) & (g) : Since Kharif 2006-07, the Government of India (GoI) is providing interest subvention to Public Sector Banks (PSBs), Regional Rural Banks (RRBs) and Cooperative Banks on their own funds and concessional refinance to Cooperative Banks and RRBs through NABARD to ensure Short Term crop loans upto Rs.1 lakh in 2005-06 and upto Rs.3 lakh thereafter to farmers at an interest rate of 7% per annum at the ground level. To enable the lending institutions to continue disbursing crop loans at an interest rate of 7% per annum, in spite of increase in their cost of funds, the Government has increased the rate of interest subvention from 2% till 2007-08 to 3% in 2008-09.

(e) & (f) : NABARD is providing credit facilities to State Cooperative Banks (SCBs) against their surplus investments in securities in excess of requirements to enable them to finance credit requirements of otherwise ineligible District Central Cooperative Banks (DCCBs). This limit is extended at 9.5% p.a. against pledge of approved securities.

Besides, NABARD also provides refinance assistance to SCBs at 9% p.a. for meeting the credit requirements of DCCBs for marketing of agriculture and pisciculture. NABARD is extending this credit support out of its borrowed funds without any subvention from Government of India.